

Stimulus effort needed to revive economies at state, county levels

Thousands of people in Hawaii are feeling the economic tsunami pounding the U.S. economy. They are getting the full force of the widest and deepest recession since the Great Depression. As 2.5 million Americans lost their jobs in 2008, Hawaii's unemployment rate was rising to 4.9 percent, the highest in nine years. One of every 54 homes in the country is in foreclosure, including 3,346 in Hawaii. New car sales are down more than 30 percent nationally including Toyota, Honda and Nissan, and 21 percent in Hawaii. Retailers just had the worst Christmas season in modern history, and in Hawaii, the Council on Revenues projected that state tax revenue would drop by 3 percent in 2009, which could force another \$125 million in state budget cuts.

Every reputable economist in the country agrees that a strong jumpstart is urgently needed to revive the U.S. economy. Since financial capital is not flowing from the private sector, the government has no choice but to put money into the economy to get it moving. Congress and the Obama administration worked together on comprehensive legislation to create and save 3 to 4 million jobs, make \$275 billion in economic recovery tax cuts and invest \$550 billion in carefully targeted priorities.

As part of this effort, Rep. Mazie Hirono and I urged House and Senate leaders and the Obama administration to invest significant funding in public works and job creation in Hawaii. Our Congressional delegation had Hawaii's four mayors give us a list of their most urgent public works needs projects that were badly needed and ready-to-go and we put that list in the hands of congressional leaders and the Obama administration.

The House of Representatives yesterday passed the American Recovery and Reinvestment Plan, working from priorities shared with President Barack Obama, legislation that includes more than \$2 billion for job creation, education, highway needs, tax relief and the promotion of energy independence in Hawaii. Highlights of the legislation for our state include:

- \$129.4 million for priority highway projects that can award funds within 120 days;
- \$453.5 million for Medicaid to help the unemployed who are turning to the state for health insurance, in the wake of state budget shortfalls that threaten funding in this area;
- \$256.1 million to restore state financial support for elementary, secondary and post-secondary education to FY08 levels, which will help to address projected state cuts of up to 20 percent to the state Department of Education and the University of Hawaii;
- \$50 million for wastewater treatment projects to protect our environment and boost ongoing efforts at the county level;

- A \$500 tax credit to ease the financial burden on working people, which would total \$238 million for an estimated 476,000 tax filers in Hawaii; and
- A three-year extension of a production tax credit for electricity derived from wind energy (through 2012) and for biomass, geothermal, hydropower, and other energy sources (through 2013) to help move us toward energy independence.

It's crucial that the stimulus legislation's direct funding get to the state and local government level as soon as possible. Our local leaders have identified projects that can get underway immediately to create jobs and represent the wisest investment of public money.

U.S. Rep. Neil Abercrombie represents the 1st Congressional District. He wrote this commentary for The Advertiser.